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## NOTICE OF ALLOWANCE AND FEE(S) DUE

28221 7590 11/15/2010

PATENT DOCKET ADMINISTRATOR  
LOWENSTEIN SANDLER PC  
65 LIVINGSTON AVENUE  
ROSELAND, NJ 07068

EXAMINER

VYAS, ABHISHEK

ART UNIT

PAPER NUMBER

3691

DATE MAILED: 11/15/2010

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/615,428

07/07/2003

James P. Davidowitz

14846-97

7410

TITLE OF INVENTION: METHOD AND SYSTEM FOR INITIATING PAIRS TRADING ACROSS MULTIPLE MARKETS HAVING AUTOMATIC FOREIGN EXCHANGE PRICE HEDGE

APPLN. TYPE	SMALL ENTITY	ISSUE FEE DUE	PUBLICATION FEE DUE	PREV. PAID ISSUE FEE	TOTAL FEE(S) DUE	DATE DUE
nonprovisional	NO	\$1510	\$300	\$0	\$1810	02/15/2011

**THE APPLICATION IDENTIFIED ABOVE HAS BEEN EXAMINED AND IS ALLOWED FOR ISSUANCE AS A PATENT. PROSECUTION ON THE MERITS IS CLOSED. THIS NOTICE OF ALLOWANCE IS NOT A GRANT OF PATENT RIGHTS. THIS APPLICATION IS SUBJECT TO WITHDRAWAL FROM ISSUE AT THE INITIATIVE OF THE OFFICE OR UPON PETITION BY THE APPLICANT. SEE 37 CFR 1.313 AND MPEP 1308.**

**THE ISSUE FEE AND PUBLICATION FEE (IF REQUIRED) MUST BE PAID WITHIN THREE MONTHS FROM THE MAILING DATE OF THIS NOTICE OR THIS APPLICATION SHALL BE REGARDED AS ABANDONED. THIS STATUTORY PERIOD CANNOT BE EXTENDED. SEE 35 U.S.C. 151. THE ISSUE FEE DUE INDICATED ABOVE DOES NOT REFLECT A CREDIT FOR ANY PREVIOUSLY PAID ISSUE FEE IN THIS APPLICATION. IF AN ISSUE FEE HAS PREVIOUSLY BEEN PAID IN THIS APPLICATION (AS SHOWN ABOVE), THE RETURN OF PART B OF THIS FORM WILL BE CONSIDERED A REQUEST TO REAPPLY THE PREVIOUSLY PAID ISSUE FEE TOWARD THE ISSUE FEE NOW DUE.**

### HOW TO REPLY TO THIS NOTICE:

I. Review the SMALL ENTITY status shown above.

If the SMALL ENTITY is shown as YES, verify your current SMALL ENTITY status:

A. If the status is the same, pay the TOTAL FEE(S) DUE shown above.

B. If the status above is to be removed, check box 5b on Part B - Fee(s) Transmittal and pay the PUBLICATION FEE (if required) and twice the amount of the ISSUE FEE shown above, or

If the SMALL ENTITY is shown as NO:

A. Pay TOTAL FEE(S) DUE shown above, or

B. If applicant claimed SMALL ENTITY status before, or is now claiming SMALL ENTITY status, check box 5a on Part B - Fee(s) Transmittal and pay the PUBLICATION FEE (if required) and 1/2 the ISSUE FEE shown above.

II. PART B - FEE(S) TRANSMITTAL, or its equivalent, must be completed and returned to the United States Patent and Trademark Office (USPTO) with your ISSUE FEE and PUBLICATION FEE (if required). If you are charging the fee(s) to your deposit account, section "4b" of Part B - Fee(s) Transmittal should be completed and an extra copy of the form should be submitted. If an equivalent of Part B is filed, a request to reapply a previously paid issue fee must be clearly made, and delays in processing may occur due to the difficulty in recognizing the paper as an equivalent of Part B.

III. All communications regarding this application must give the application number. Please direct all communications prior to issuance to Mail Stop ISSUE FEE unless advised to the contrary.

**IMPORTANT REMINDER: Utility patents issuing on applications filed on or after Dec. 12, 1980 may require payment of maintenance fees. It is patentee's responsibility to ensure timely payment of maintenance fees when due.**

# **PART B - FEE(S) TRANSMITTAL**

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**INSTRUCTIONS:** This form should be used for transmitting the ISSUE FEE and PUBLICATION FEE (if required). Blocks 1 through 5 should be completed where appropriate. All further correspondence including the Patent, advance orders and notification of maintenance fees will be mailed to the current correspondence address as indicated unless corrected below or directed otherwise in Block 1, by (a) specifying a new correspondence address; and/or (b) indicating a separate "FEE ADDRESS" for maintenance fee notifications.

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Note: A certificate of mailing can only be used for domestic mailings of the Fee(s) Transmittal. This certificate cannot be used for any other accompanying papers. Each additional paper, such as an assignment or formal drawing, must have its own certificate of mailing or transmission.

28221 7590 11/15/2010

**PATENT DOCKET ADMINISTRATOR**  
**LOWENSTEIN SANDLER PC**  
**65 LIVINGSTON AVENUE**  
**ROSELAND, NJ 07068**

## **Certificate of Mailing or Transmission**

I hereby certify that this Fee(s) Transmittal is being deposited with the United States Postal Service with sufficient postage for first class mail in an envelope addressed to the Mail Stop ISSUE FEE address above, or being facsimile transmitted to the USPTO (571) 273-2885, on the date indicated below.

(Depositor's name)
(Signature)
(Date)

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/615,428 07/07/2003 James P. Davidowitz 14846-97 7410

**TITLE OF INVENTION: METHOD AND SYSTEM FOR INITIATING PAIRS TRADING ACROSS MULTIPLE MARKETS HAVING AUTOMATIC FOREIGN EXCHANGE PRICE HEDGE**

APPLN. TYPE	SMALL ENTITY	ISSUE FEE DUE	PUBLICATION FEE DUE	PREV. PAID ISSUE FEE	TOTAL FEE(S) DUE	DATE DUE
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nonprovisional NO \$1510 \$300 \$0 \$1810 02/15/2011

EXAMINER	ART UNIT	CLASS-SUBCLASS
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VYAS, ABHISHEK 3691 705-037000

1. Change of correspondence address or indication of "Fee Address" (37 CFR 1.363).

☐ Change of correspondence address (or Change of Correspondence Address form PTO/SB/122) attached.

☐ "Fee Address" indication (or "Fee Address" Indication form PTO/SB/47; Rev 03-02 or more recent) attached. Use of a Customer Number is required.

2. For printing on the patent front page, list

(1) the names of up to 3 registered patent attorneys or agents OR, alternatively, 1 \_\_\_\_\_  
 (2) the name of a single firm (having as a member a registered attorney or agent) and the names of up to 2 registered patent attorneys or agents. If no name is listed, no name will be printed. 2 \_\_\_\_\_  
 3 \_\_\_\_\_

3. ASSIGNEE NAME AND RESIDENCE DATA TO BE PRINTED ON THE PATENT (print or type)

PLEASE NOTE: Unless an assignee is identified below, no assignee data will appear on the patent. If an assignee is identified below, the document has been filed for recordation as set forth in 37 CFR 3.11. Completion of this form is NOT a substitute for filing an assignment.

(A) NAME OF ASSIGNEE (B) RESIDENCE: (CITY and STATE OR COUNTRY)

Please check the appropriate assignee category or categories (will not be printed on the patent): ☐ Individual ☐ Corporation or other private group entity ☐ Government

4a. The following fee(s) are submitted:

☐ Issue Fee  
☐ Publication Fee (No small entity discount permitted)  
☐ Advance Order - # of Copies \_\_\_\_\_

4b. Payment of Fee(s): (Please first reapply any previously paid issue fee shown above)

☐ A check is enclosed.  
☐ Payment by credit card. Form PTO-2038 is attached.  
☐ The Director is hereby authorized to charge the required fee(s), any deficiency, or credit any overpayment, to Deposit Account Number \_\_\_\_\_ (enclose an extra copy of this form).

5. Change in Entity Status (from status indicated above)

☐ a. Applicant claims SMALL ENTITY status. See 37 CFR 1.27. ☐ b. Applicant is no longer claiming SMALL ENTITY status. See 37 CFR 1.27(g)(2).

NOTE: The Issue Fee and Publication Fee (if required) will not be accepted from anyone other than the applicant; a registered attorney or agent; or the assignee or other party in interest as shown by the records of the United States Patent and Trademark Office.

Authorized Signature \_\_\_\_\_

Date \_\_\_\_\_

Typed or printed name \_\_\_\_\_

Registration No. \_\_\_\_\_

This collection of information is required by 37 CFR 1.311. The information is required to obtain or retain a benefit by the public which is to file (and by the USPTO to process) an application. Confidentiality is governed by 35 U.S.C. 122 and 37 CFR 1.14. This collection is estimated to take 12 minutes to complete, including gathering, preparing, and submitting the completed application form to the USPTO. Time will vary depending upon the individual case. Any comments on the amount of time you require to complete this form and/or suggestions for reducing this burden, should be sent to the Chief Information Officer, U.S. Patent and Trademark Office, U.S. Department of Commerce, P.O. Box 1450, Alexandria, Virginia 22313-1450. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. SEND TO: Commissioner for Patents, P.O. Box 1450, Alexandria, Virginia 22313-1450.

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10/615,428	07/07/2003	James P. Davidowitz	14846-97	7410

28221 7590 11/15/2010

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EXAMINER

VYAS, ABHISHEK

ART UNIT

PAPER NUMBER

3691

DATE MAILED: 11/15/2010

## Determination of Patent Term Adjustment under 35 U.S.C. 154 (b) (application filed on or after May 29, 2000)

The Patent Term Adjustment to date is 1141 day(s). If the issue fee is paid on the date that is three months after the mailing date of this notice and the patent issues on the Tuesday before the date that is 28 weeks (six and a half months) after the mailing date of this notice, the Patent Term Adjustment will be 1141 day(s).

If a Continued Prosecution Application (CPA) was filed in the above-identified application, the filing date that determines Patent Term Adjustment is the filing date of the most recent CPA.

Applicant will be able to obtain more detailed information by accessing the Patent Application Information Retrieval (PAIR) WEB site (<http://pair.uspto.gov>).

Any questions regarding the Patent Term Extension or Adjustment determination should be directed to the Office of Patent Legal Administration at (571)-272-7702. Questions relating to issue and publication fee payments should be directed to the Customer Service Center of the Office of Patent Publication at 1-(888)-786-0101 or (571)-272-4200.

<b>Notice of Allowability</b>	<b>Application No.</b>	<b>Applicant(s)</b>	
	10/615,428	DAVIDOWITZ ET AL.	
	<b>Examiner</b>	<b>Art Unit</b>	
	ABHISHEK VYAS	3691	

**-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address--**

All claims being allowable, PROSECUTION ON THE MERITS IS (OR REMAINS) CLOSED in this application. If not included herewith (or previously mailed), a Notice of Allowance (PTOL-85) or other appropriate communication will be mailed in due course. **THIS NOTICE OF ALLOWABILITY IS NOT A GRANT OF PATENT RIGHTS.** This application is subject to withdrawal from issue at the initiative of the Office or upon petition by the applicant. See 37 CFR 1.313 and MPEP 1308.

1. ☒ This communication is responsive to the request for continued examination filed 03/02/2010.
2. ☒ The allowed claim(s) is/are 1-18.
3. ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
  - a) ☐ All    b) ☐ Some\*    c) ☐ None    of the:
    1. ☐ Certified copies of the priority documents have been received.
    2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_.
    3. ☐ Copies of the certified copies of the priority documents have been received in this national stage application from the International Bureau (PCT Rule 17.2(a)).

\* Certified copies not received: \_\_\_\_.

Applicant has THREE MONTHS FROM THE "MAILING DATE" of this communication to file a reply complying with the requirements noted below. Failure to timely comply will result in ABANDONMENT of this application.  
**THIS THREE-MONTH PERIOD IS NOT EXTENDABLE.**

4. ☐ A SUBSTITUTE OATH OR DECLARATION must be submitted. Note the attached EXAMINER'S AMENDMENT or NOTICE OF INFORMAL PATENT APPLICATION (PTO-152) which gives reason(s) why the oath or declaration is deficient.
  5. ☐ CORRECTED DRAWINGS ( as "replacement sheets") must be submitted.
    - (a) ☐ including changes required by the Notice of Draftsperson's Patent Drawing Review ( PTO-948) attached
      - 1) ☐ hereto or 2) ☐ to Paper No./Mail Date \_\_\_\_.
    - (b) ☐ including changes required by the attached Examiner's Amendment / Comment or in the Office action of Paper No./Mail Date \_\_\_\_.
- Identifying indicia such as the application number (see 37 CFR 1.84(c)) should be written on the drawings in the front (not the back) of each sheet. Replacement sheet(s) should be labeled as such in the header according to 37 CFR 1.121(d).**
6. ☐ DEPOSIT OF and/or INFORMATION about the deposit of BIOLOGICAL MATERIAL must be submitted. Note the attached Examiner's comment regarding REQUIREMENT FOR THE DEPOSIT OF BIOLOGICAL MATERIAL.

**Attachment(s)**

- |   |  |
|---|--|
| <ol style="list-style-type: none"> <li>1. <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)</li> <li>2. <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)</li> <li>3. <input type="checkbox"/> Information Disclosure Statements (PTO/SB/08),<br/>Paper No./Mail Date ____</li> <li>4. <input type="checkbox"/> Examiner's Comment Regarding Requirement for Deposit of Biological Material</li> </ol> | <ol style="list-style-type: none"> <li>5. <input type="checkbox"/> Notice of Informal Patent Application</li> <li>6. <input type="checkbox"/> Interview Summary (PTO-413),<br/>Paper No./Mail Date ____</li> <li>7. <input checked="" type="checkbox"/> Examiner's Amendment/Comment</li> <li>8. <input checked="" type="checkbox"/> Examiner's Statement of Reasons for Allowance</li> <li>9. <input type="checkbox"/> Other ____.</li> </ol> |
|---|--|

/Alexander Kalinowski/  
 Supervisory Patent Examiner, Art Unit 3691

1. An examiner's amendment to the record appears below. Should the changes and/or additions be unacceptable to applicant, an amendment may be filed as provided by 37 CFR 1.312. To ensure consideration of such an amendment, it MUST be submitted no later than the payment of the issue fee.

Authorization for this examiner's amendment was given in a telephone interview with Ms Lisa Schroeder on 09/29/2010.

**Claim 1 (Currently Amended):** A system for initiating trading of a spread of two or more securities in two or more markets, the system comprising: (i) a computer-based client station; (ii) a processor; (iii) an order execution server; and (iv) a spread database, wherein

- (i) the computer-based client station is coupled to the processor and is configured to:
  - (a) transmit information relating to the spread to ~~the~~ a spread engine; and
  - (b) display information relating to the spread received from the spread engine;
- (ii) the processor is running ~~[[a]]~~ the spread engine and is coupled to the computer-based client station, the order execution server, the spread database, and at least one market data feed, wherein the spread engine is configured to:
  - (c) identify spread parameters pertaining to the securities received from the computer-based client station;
  - (d) receive market data relating to the two or more securities of the spread received from the market data feed; and
  - (e) determine ~~whether~~ that the market data falls within certain spread parameters ~~and, if the market data falls within the certain spread parameters;~~
  - and
  - (f) transmit orders to the order execution server;
- (iii) the order execution server is coupled to the processor, the spread database, at least one domestic external market and at least one foreign external market, and is configured to:
  - (g) receive orders from the spread engine;
  - (h) initiate a first order in at least one of the foreign external markets for a first security of the spread in a foreign currency;
  - (i) initiate a second order in at least one of the domestic external markets for a second security of the spread, whereby the second order is at a selected ratio as compared to the first order to reduce the risk of adverse price movements in the first security;

- (j) initiate an FX Order to offset foreign exchange exposure resulting from the first order in the foreign external market; and
- (k) transmit execution data to the spread database; and wherein
- (iv) the spread database is coupled to the processor and the order execution server, and is configured to store information relating to the spread received from the order execution server and the spread engine;

wherein the spread engine is configured to initiate the first order through the order execution server only where the market data related to one or more securities in the spread pass one or more of the following rule checks:

- (1) for each Buy Security, the Ask Size must be  $\geq$  Actual Ratio \* Minimum Order;
- (2) for each Sell Security, the Bid Size must be  $\geq$  Actual Ratio \* Minimum Order; and
- (3) for each Sell Security that is checked Sell Short, the last/bid tick direction rule check requires there must be an Uptick.

**Claim 2 (Original):** The system of claim 1, wherein the first order is a limit order and the second order is a market order, and wherein the second order is initiated following confirmation of the first order.

**Claim 3 (Previously Presented):** The system of claim 1, wherein the spread engine is further configured to convert the market data related to one or more securities in the spread to a certain currency identified in the spread parameters for the spread.

**Claim 4 (Currently Amended):** The system of claim 1, wherein the spread engine is configured to initiate the first order through the order execution server only where the market data related to one or more securities in the spread pass ~~certain~~ at least one additional rule check[[s]].

**Claim 5 (Currently Amended):** A computer implemented method of initiating trading of a spread of two or more securities in two or more markets, the method comprising:

- (i) identifying, by a processor running a spread engine, spread parameters pertaining to a relationship between the securities received from input from a computer-based client station;
- (ii) receiving, by the spread engine, market data relating to the two or more securities;
- (iii) determining, by the spread engine, whether the market data falls within certain spread parameters; and
- (iv) through an order execution server,

(a) initiating, through an order execution server, in a foreign external market a first order for a first security of the spread in a foreign currency, when the market data falls within the certain spread parameters;

(b) initiating, through the order execution server, in a domestic external market a second order for a second security of the spread, when the market data falls within the certain spread parameters, whereby the second order and first order are at a selected ratio to reduce the risk of adverse price movements in the first security; and

(c) initiating, through the order execution server, an FX Order to offset foreign exchange exposure resulting from the first order in the foreign external market; and

(d) displaying information relating to the spread on the computer-based client station;

wherein the first order is initiated only where the market data related to one or more securities in the spread pass one or more of the following rule checks:

(1) for each Buy Security, the Ask Size must be  $\geq$  Actual Ratio \* Minimum Order;

(2) for each Sell Security, the Bid Size must be  $\geq$  Actual Ratio \* Minimum Order; and

(3) for each Sell Security that is checked Sell Short, the last/bid tick direction rule check

requires there must be an Uptick.

**Claim 6 (Original):** The method of claim 5, wherein the first order is a limit order and the second order is a market order, and wherein the initiating the second order step is performed following confirmation of the first order.

**Claims 7 (Original):** The method of claim 5, further comprising converting the market data related to one or more securities in a spread to a certain currency identified in the spread parameters for the spread.

**Claims 8 (Currently Amended):** The method of claim 5, further comprising initiating the first order only where the market data related to one or more securities in the spread pass at least one additional rule check ~~certain rule checks~~.

**Claim 9 (Currently Amended):** A system for initiating trading, the system comprising: (i) a computer-based client station; (ii) a processor; (iii) an order execution server; and (iv) a spread database, wherein

(i) the computer-based client station is coupled to the processor and is configured to:

- (a) transmit information relating to the spread to a spread; and
- (b) display information relating to the spread received from the processor;
- (ii) the processor is running a spread engine and is coupled to the computer-based client station, the order execution server, the spread database, and at least one market data feed, wherein the spread engine is configured to:
  - (c) receive spread parameters pertaining to a relationship between two or more securities in a spread in one or more markets from the computer-based client station;
  - (d) process market data relating to the two or more securities received from the market data feed; and
  - (e) determine whether the market data falls within the spread parameters; and
  - (f) transmit orders to the order execution server;
- (iii) the order execution server is coupled to the processor, the spread database, at least one domestic external market and at least one foreign external market and is configured to:
  - (g) received orders from the processor;
  - (h) initiate a first order in at least one of the [a]] foreign external markets for a first security of the spread in a foreign currency, when the market data falls within one or more of the spread parameters;
  - (i) initiate a second order in at least one of the [a]] domestic external markets for a second security of the spread, when the market data falls within one or more of the spread parameters, whereby the second order and the first order are at a selected ratio to reduce the risk of adverse price movements in the first security; and
  - (j) initiate an FX Order to offset foreign exchange exposure resulting from the first order in the foreign external market; and wherein
- (iv) the spread database is coupled to the processor and the order execution server, and is configured to store information relating to the spread received from the order execution server and the spread engine,
  - wherein the spread engine is configured to apply at least one of the following rule checks to determine whether to initiate the first order:
    - (1) for each Buy Security, the Ask Size must be  $\geq$  Actual Ratio \* Minimum Order;
    - (2) for each Sell Security, the Bid Size must be  $\geq$  Actual Ratio \* Minimum Order; and
    - (3) for each Sell Security that is checked Sell Short, the last/bid tick direction



rule check requires there must be an Uptick.

**Claims 10 (Original):** The system of claim 9, wherein the first order is a limit order and the second order is a market order, and wherein the second order is initiated following confirmation of the first order.

**Claims 11 (Previously Presented):** The system of claim 9, wherein the spread engine is configured to convert the market data related to one or more securities in a spread to a certain currency identified in the spread parameters for the spread.

**Claims 12 (Currently Amended):** The system of claim 9, wherein the spread engine is configured to apply ~~certain~~ at least one additional rule check [[s]] to determine whether to initiate the first order.

**Claim 13 (Currently Amended):** A client-server system for initiating trading involving two or more securities, the system comprising:

a computer-based client station, wherein a trader inputs spread parameters pertaining to a relationship between two or more securities in two or more markets and transmits the spread parameters;

a processor running a spread engine and in communication with the client station, the spread engine configured to receive the spread parameters from the computer-based client station, receive market data relating to the two or more securities from at least one market data feed, and determine whether the market data falls within the spread parameters; and

a server in communication with the spread engine, at least one domestic external market and at least one foreign external market, the server configured to initiate two or more orders when the market data for the two or more securities falls within the spread parameters, wherein at least one of the two or more orders is in a foreign external market for a security in a foreign currency, and wherein the server is configured to initiate an FX Order to offset foreign exchange exposure resulting from initiation of the order for the security in the foreign currency;

wherein the spread engine is configured to initiate the first order only where the market data related to one or more securities in the spread pass one or more of the following rule checks:

(1) for each Buy Security, the Ask Size must be  $\geq$  Actual Ratio \* Minimum Order;

(2) for each Sell Security, the Bid Size must be  $\geq$  Actual Ratio \* Minimum Order; and

(3) for each Sell Security that is checked Sell Short, the last/bid tick direction rule check requires there must be an Uptick.

**Claims 14 (Original):** The system of claim 13, wherein at least one of the two or more orders is a limit order and at least one of the two or more orders is a market order, and wherein the server initiates the one or more limit orders and then following confirmation of the one or more limit orders, initiates the one or more market orders.

**Claims 15 (Original):** The system of claim 13, wherein the spread engine is configured to convert the market data related to one or more securities in a spread to a certain currency identified in the spread parameters for the spread.

**Claims 16 (Currently Amended):** The system of claim 13, wherein the spread engine is configured to initiate the first order only where the market data related to one or more securities in the spread pass ~~certain~~ at least one additional rule check[[s]].

**Claim 17 (Currently Amended):** A system for initiating a trade spread of two or more securities in two or more markets, the system comprising: (i) a computer-based client station; (ii) a processor; and (iii) an order execution server, wherein

(i) the computer-based client station is coupled to the processor and is configured to transmit and display information relating to the spread;

(ii) the processor is running a spread engine and is coupled to the computer-based client station, the order execution server and at least one market data feed, wherein the spread engine is coded with one or more rule checks for determining whether to initiate a first order and is configured to:

identify spread parameters pertaining to the securities received from the computer-based client station;

receive market data relating to the two or more securities of the spread received from the market data feed;

determine whether the market data falls within certain spread parameters;

evaluate whether the rule checks are satisfied;

transmit orders to the order execution server; and

(iii) the order execution server is coupled to the processor, at least one domestic external market and at least one foreign external market, and is configured to:

initiate a first order in at least one of the [[a]] foreign external markets for a first security of the spread in a foreign currency;

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initiate a second order in at least one of the~~the~~ domestic external markets for a second security of the spread, whereby the second order is at a selected ratio as compared to the first order to reduce the risk of adverse price movements in the first security; and

initiate an FX order to offset foreign exchange exposure resulting from the first order in the foreign external market,

wherein the one or more rule checks comprises one or more of the following equations:

(1) for each Buy Security, the Ask Size must be  $\geq$  Actual Ratio \* Minimum Order;

(2) for each Sell Security, the Bid Size must be  $\geq$  Actual Ratio \* Minimum Order; and

(3) for each Sell Security that is checked Sell Short, the last/bid tick direction rule check requires there must be an uptick.

**Claim 18 (Currently Amended):** The system of claim 17, wherein the one or more rule checks further comprises~~includes~~ one or more of the following equations~~variables~~:

bid/offer size; round lot; last/bid tick direction; markets(s) open; depth of market; and position limits.

2. The following is an examiner's statement of reasons for allowance:

Tsagarakis discloses foreign currency exchange trading of securities and commodities in international markets on a globalized trading platform. However it is directed towards the solving the problem of trading in different currencies directly without any need to trade an equity or other financial instrument such as an FX order to offset risk. Glodjo discloses pair trading of two securities wherein the trade for one of the instruments of the pair occurs in a quantity and price related to the other instrument of the pair. Burns discloses a spread trading system where one commodity is bought and another is sold. The trade is caused by the fact that price movement in one commodity or security will cause a price movement in the other security. It is a process of protecting a position where an investment is made by taking an offsetting position in a related product in order to reduce the risk of adverse prices movement. However the system and method of Burns is directed towards domestic option leg trading. Waddell discloses pair-trading as a non-directional investment strategy in which the investor identifies two securities having similar characteristics and the securities are currently trading at a price relationship that is out of their historical trading range. The investor exploits the price relationship between the securities by buying the undervalued security while short-selling the overvalued security. However there is no suggestion of trading the pair across domestic and foreign markets at the same time. Potter discloses foreign exchange spot and forward orders. Tsagarakis, Glodjo, Burns, Waddell and Potter alone or in combination fail to teach initiate a

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first order in at least one of the foreign external markets for a first security of the spread in a foreign currency; initiate a second order in at least one of the domestic external markets for a second security of the spread, the initiating an FX order to offset foreign exchange exposure resulting from the first order in the foreign external market, by the rules checks as set forth: wherein the one or more rule checks comprises one or more of the following equations:

- (1) for each Buy Security, the Ask Size must be  $\geq \text{Actual Ratio} * \text{Minimum Order}$ ;
- (2) for each Sell Security, the Bid Size must be  $\geq \text{Actual Ratio} * \text{Minimum Order}$ ; and
- (3) for each Sell Security that is checked Sell Short, the last/bid tick direction rule check requires there must be an Uptick.

#### **OTHER PUBLICATIONS:**

**"You can run but you can't hide";** Euromoney Magazine; December 00, 1997 **Page:** 58, 059

**Document Type:** NEWSLETTER **Publisher:** EUROMONEY ELECTRONIC PUBLICATIONS

**International Markets Opening New Worlds for Arbitrage;** Szala, Ginger;

Futures: The Magazine of Commodities & Options v15n11 pp: 64, 66

Nov 1986 **ISSN:** 0746-2468 **Journal Code:** CMM

**Pricing and hedging spread options; Author(s):** Carmona, R.; Durrleman, V. **Affiliation(s):**

Dept. of Oper. Res. & Financial Eng., Princeton Univ., NJ, USA **Journal:** SIAM Review, vol.45, no.4, pp.627-85

#### ***Conclusion***

Any comments considered necessary by applicant must be submitted no later than the payment of the issue fee and, to avoid processing delays, should preferably accompany the issue fee. Such submissions should be clearly labeled "Comments on Statement of Reasons for Allowance."

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Abhishek Vyas whose telephone number is 571-270-1836. The examiner can normally be reached on 7:30am-5:00pm EST Mon-Thur, ALT Friday OFF.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander Kalinowski can be reached on 571-272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/A. V./

Examiner, Art Unit 3691

/Alexander Kalinowski/

Supervisory Patent Examiner, Art Unit 3691